

APPENDIX A: PROJECT DESCRIPTION

BTS Stabilized Bricks Production Unit Expansion - Guinea

I. Introduction

This appendix describes the activities to be undertaken and the results to be achieved with the funds obligated under this Agreement. Nothing in this Appendix A shall be construed as amending any of the definitions, conditions, or terms of the Agreement.

II. Background

Since the liberalization of initiatives and the orientation to the market economy, the housing sector has developed rapidly in Guinea for the past ten years. Apart from lumber, most of the construction materials such as plumbing and electrical materials, window frames, doorframes and tiles are imported and prices are quite high on the markets and therefore not readily affordable by the average person.

The Grantee, the Association of Stabilized Brickmakers (BTS Mamou) is the first and as yet the only enterprise that makes stabilized bricks established in the prefecture of Mamou. There is a growing interest in the use of stabilized bricks for housing in urban cities and in rural areas. A recently formed association of the professionals of stabilized bricks is working actively with the government to put in place a national policy on the use of stabilized bricks. The rural population, donor institutions, government development programs, and NGOs are encouraging the use of local construction materials, particularly stabilized bricks, because of their low cost, and durability and the comfort they provide. In addition, there is interest in replacing burned brick technology since it has damaging effects on the environment.

In comparison with oven and cement bricks, stabilized bricks reduce the costs of cement for walls by 50% and for the entire building by 20%. These savings result from lower requirements for cement and the elimination of the need for internal and external plastering. Both the oven and cement bricks also need more mortar for the construction and more cement for plastering. Promoting the use of stabilized bricks in rural and peri-urban construction will have positive socio-economic and environmental impact.

III. Funding

A. ADF Contribution

The financial plan for ADF's contribution is set forth in Appendix A-1 to this Agreement. The Parties may make changes to the financial plan without formal amendment, if such changes are made in accordance with Article 7 of the Agreement and do not cause ADF's contribution to exceed the obligated amount specified in Article 3, Section 3.1 of the Agreement.

B. Grantee Contribution

The BTS association will provide land, sand, gravel, bricks, and unskilled labor for the construction of their workshop, which will be located in the neighborhood of Madina in the west side of Mamou town on the national paved road Conakry-Mamou. BTS has rented the land for a period of 10 years renewable, and will pay for the monthly rental cost of GNF 30,000. BTS will also contribute two earth block CINVA-RAM presses and assorted small tools.

IV. Project Goal

The goal of the project is improved quality and cost-effectiveness of housing and public infrastructures for the rural and urban populations in the Mamou area.

V. Project Purpose

The purpose of the project is increased income of the BTS enterprise and its workforce. Performance indicators are:

- Increased annual net revenues of the Association from GNF 3, 887, 000 actual to GNF 24,997,000 by the end of project in 2006.
- Increased annual net revenue of the individual BTS member from GNF 360,000 actual to GNF 1,338,000 by the end of project in 2006.

VI. Outputs

- A. Expanded production capability of the BTS enterprise.
- B. Improved managerial and technical capacity of BTS members.

Performance indicators are as follows:

- Increased annual production of durable, low-cost stabilized bricks from 26,000 actual to 270,000 for year 1, 306,000 for year 2, 342,000 for year 3, and 360 000 for year 4.
- Increased number of employees working at least 40 hours a week from 0 actual to 9 by the end of year two, and 14 by the end of project.
- Increased number of temporary employees from 3 actual to 12 by the end of project.
- At least 60 percent of BTS orders completed on-time by the end of the second year of the project, 75 percent by the end of year three and 100 percent on time by the end of the fourth year.
- Increased number of sales outlets from 1 to 4 by end of project.

VII. ACTIVITIES

A. Construction of the Workshop

The new workshop will be a 144m² shed (18m x 8m), with a cement concrete floor and accommodated with a small office space and a storeroom. The facility will have plumbing and electricity. The construction of the shed will require cement, bars, wood, roofing sheets and specialized labor.

B. Equipment and small tools

The main equipment consists of the CINVA-RAM earth block press, which is a simple low-cost, hand-operated steel machine manufactured locally in Guinea. ADF will fund the purchase of four additional presses and additional small tools such as shovels, picks, and wheelbarrows.

C. Transport

With ADF funds, BTS will purchase a used truck of 10m³ to transport laterite from the quarry located at some 15Km to the production site, cement to the workshop, and to deliver bricks to construction sites. ADF funds will provide for the first year of maintenance and spare parts and insurance costs.

D. Working capital

ADF funds will enable BTS to have sufficient working capital to ensure the start up of production activities. BTS will be able to purchase as needed according to its production plan: 20 tons of cement, a supply of about two months; 994.03m³ of laterite, enough for at least six months; and 1,800 liters of diesel fuel that is estimated to be sufficient for five months.

E. Training

ADF funds will be used for various training courses intended to strengthen the technical and managerial skills of the members in (i) procurement/marketing, (ii) cooperative management, (iii) financial management, (iv) monitoring and evaluation, (v) ADF's standard bookkeeping training and (vi) HIV/AIDS education.

The training cost financed through ADF grant funds includes stationery, honorarium and per diem for the trainer(s), and food for participants. Training is specifically targeted for the following:

Procurement/Marketing and Cooperative Management:

A selected technical assistant (TA) will conduct the training in these areas and all nine members of the Association will participate in each course.

Financial Management:

A maximum of five members of the Association will participate in the training. A selected TA in collaboration with ADF's partner organization, the Center for Development Support, (CAD) will conduct the training.

HIV/AIDS Education:

The training will involve all the members and employees of BTS. The Mamou office of the NGO, SIDALERTE, will conduct the training.

Bookkeeping, Monitoring and Evaluation:

CAD will carry out training for four BTS members in ADF Standard Bookkeeping and for nine members in Monitoring and Evaluation. ADF funds will provide for training materials and grantee-related expenses.

F. Administration

ADF funds will enable BTS to cover a portion of its initial administrative costs, including communication, office supplies, bank charges and advertising. The Association will advertise its products through the local radio station in Mamou and at the national TV station.

G. Audit

ADF will hire a qualified local firm to audit this project.

VIII. Roles and Responsibilities of the Parties:

BTS through its executive committee is responsible for the implementation of this project. BTS plans to have a single line of production that will have three sections: (i) the mixing section, (ii) the pressing section, and (iii) the loading and transport section.

In order for the Association to achieve the objectives of the project, the organizational structure that will be put in place to ensure adequate management of the project will consist of the following:

- The project manager is responsible for the overall management of project. S/He supervises and coordinates the activities of the other project management divisions, assesses the markets and signs contracts with potential clients. S/He makes sure that all the regulatory measures are respected.
- The chief of production is responsible for implementing the production plan set up by the Association. S/He controls the quality of production and the organization of the labor force. S/He ensures the maintenance of the equipment and registers all the production.
- The marketing officer implements the marketing plan of the project. In collaboration with the projection manager, s/he will assess the new markets and ensure liaison with potential clients. S/he makes sure that all orders are completed on time.
- The accountant is responsible for the bookkeeping and will issue regular financial statements to BTS management. The accountant is responsible for the overall administrative and financial management of the project including budget preparation and financial reporting on both ADF funds and income generated through this project.

Pursuant to Article 10 of the Agreement, the Center for Development Support (CAD), ADF's Partner, will provide BTS Mamou with technical and management assistance during the implementation of this project.

IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Grantee, working with the ADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will provide the Partner input for the Project monitoring plan. In addition, during implementation, the committee will have responsibility for ensuring that the Project follows the implementation plan, and that problems identified through monitoring and evaluation are properly addressed in a timely manner.